

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
STATEMENT OF NET POSITION--ENTERPRISE FUND JUNE 30, 2013	16
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2013	17
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED JUNE 30, 2013	18
NOTES TO THE FINANCIAL STATEMENTS	19
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	36
EXHIBIT I - Combining Statement of Net Position--Enterprise Fund June 30, 2013	39
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Position--Enterprise Fund For the Year Ended June 30, 2013	42
EXHIBIT III - Combining Statement of Net Position--Enterprise Fund Capital Fund Programs - June 30, 2013	44
EXHIBIT IV - Combining Statement of Revenue, Expenses and Changes in Fund Net Position--Enterprise Fund Capital Fund Programs For the Year Ended June 30, 2013	46
EXHIBIT V - Combined Statement of Revenue, Expenses and Changes in Fund Net Position--Enterprise Fund For the Year Ended June 30, 2013	48

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION, CONTINUED:	
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013	50
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet June 30, 2013	51
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended June 30, 2013	53
SCHEDULE IV - Financial Data Schedule - Combined Income Statement For the Year Ended June 30, 2013	59
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	64
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	68
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013:	
Section I - Summary of Auditors' Results	73
Section II - Financial Statement Findings and Questioned Costs	75
Section III - Federal Award Findings and Questioned Costs	92
Section IV - Status of Prior Years' Audit Findings and Questioned Costs	121
Section V - Status of Compliance Audit	147
EXIT CONFERENCE	148



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Report on the Financial Statement

We have audited the accompanying statement of net position- enterprise fund and the related statements of revenues, expenses and changes in fund net position and cash flows- enterprise fund of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise **HACA's** financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **HACA's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

HACA was not able to resolve on December 31, 2013, issues related to the completeness of its recorded capital assets, net position, Capital Fund grants receivable, and interfund out-of-balance condition. As such, we were unable to apply sufficient auditing procedures in those areas. (See audit findings reference numbers 2013-01, 2013-03, 2013-04 and 2013-05 for additional discussion).

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the completeness of capital assets, net position, Capital Fund grants receivable and interfund out-of-balance condition, the financial statements previously referred to present fairly, in all material respects, the financial position of **HACA** as of June 30, 2013, and the respective changes in net position and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that **HACA** will continue as a going concern. As discussed in NOTE 19 to the financial statements, **HACA** continues to have operating losses in its Housing Programs which continue to raise doubt as a going concern. Management's overall plan has been discussed in NOTE 19 to the accompanying financial statements. The accompanying financial statements do not include any adjustments that might result from the outcome of the uncertainty.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Other Matters, Continued

Required Supplementary Information, Continued

of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of **HACA's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2013

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of **Housing Authority of the City of Alexandria (HACA)**, has complied with the requirements of Government Accounting Standards Board Statement No. 34 and offers readers of **HACA's** financial statements this narrative overview and analysis of the financial activities of **HACA** for the fiscal years ended June 30, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with **HACA's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **HACA** exceeded its liabilities by \$20,666,692 and \$21,382,244 at June 30, 2013 and 2012 (*net position*). Of the amount, \$595,209 at June 30, 2013 and \$3,591,944 at June 30, 2012 (*unrestricted net position*) may be used to meet **HACA's** ongoing obligations to citizens and creditors.

Restricted net position were \$-0- and \$-0- at June 30, 2013 and 2012.

HACA's enterprise fund reported net position of \$20,666,692 and \$21,382,244 at June 30, 2013 and 2012, a decrease in net position of \$715,552 at 2013 and an increase of \$693,977 at 2012. These changes are primarily attributable to the financial impact of HUD's Capital Fund funding levels and changes in operating grants for both 2013 and 2012.

HACA had dwelling rental revenues of \$663,116 and \$619,500 for the years ended June 30, 2013 and 2012. HUD operating, capital grant revenues and other fees were \$6,171,725 and \$6,587,910 and non-operating revenues of \$93,189 and \$176,794, respectively. Total operating expenses for the years ended June 30, 2013 and 2012 were \$7,348,770 and \$6,905,600.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating, capital grants and fees from the Federal government and dwelling rental constitute 98.6% for 2013 and 97.7% for 2012 of **HACA's** total revenues. Non-operating revenues for the years ended June 30, 2013 and 2012 were 1.4% and 2.3%, respectively of total revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to **HACA's** basic financial statements. **HACA's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **HACA** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

REPORTING ON HACA AS A WHOLE

One of the most important questions asked about **HACA's** finances, "Is **HACA** as a whole better off, or worse off, as a result of the achievements of fiscal years 2013 and 2012?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about **HACA** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **HACA**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **HACA** has three federally funded programs that are consolidated into a single enterprise fund. The Capital Fund Programs fold into the Low Rent Public Housing Program.

Low Rent Public Housing Program - **HACA's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **HACA** to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Housing Choice Voucher Program - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **HACA** is paid by HUD to administer the program.

Disaster Housing Assistance and Voucher Programs - These programs provide transitional housing for families impacted by events caused by hurricane storms and homelessness.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **HACA's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HACA's** units.

Capital Fund Stimulus Grant Programs - These programs provide funding for capital improvements for its housing stock and management activities.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

USING THIS ANNUAL REPORT

HACA's annual report consists of financial statements that show information about **HACA's** enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON HACA MOST SIGNIFICANT FUND

HACA's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, **HACA** may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

HACA's enterprise fund used the following accounting approach:

Proprietary Funds - All of **HACA's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

Condensed Statement of Net Position

The following table represents a condensed Statement of Net Position as of June 30, 2013 and 2012:

Condensed Statement of Net Position			
June 30			
<u>Assets</u>			
	<u>2013</u>	<u>2012</u>	
Current assets	\$ 3,598,054	\$ 3,972,497	
Noncurrent assets	<u>20,071,483</u>	<u>20,313,635</u>	
Total assets	<u>23,669,537</u>	<u>24,286,132</u>	
<u>Liabilities</u>			
Current liabilities	2,918,972	2,787,457	
Noncurrent liabilities	<u>77,972</u>	<u>89,476</u>	
Total liabilities	<u>2,996,944</u>	<u>2,876,933</u>	
Deferred inflow of resources	<u>5,901</u>	<u>26,955</u>	
Total deferred inflow of resources	<u>5,901</u>	<u>26,955</u>	
<u>Net Position</u>			
Net position:			
Investment in capital assets	20,071,483	17,790,300	
Unrestricted	<u>595,209</u>	<u>3,591,944</u>	
Total net position	<u>\$20,666,692</u>	<u>\$21,382,244</u>	

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Position for the years ended June 30, 2013 and 2012:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30**

	<u>2013</u>	<u>2012</u>
Revenues:		
Operating revenues	\$ <u>6,544,648</u>	\$ <u>5,935,401</u>
Total operating revenues	<u>6,544,648</u>	<u>5,935,401</u>
Expenses:		
Operating expenses	<u>7,348,770</u>	<u>6,905,600</u>
Total operating expenses	<u>7,348,770</u>	<u>6,905,600</u>
Operating loss	<u>(804,122)</u>	<u>(970,199)</u>
Non-operating revenues:		
Non-operating revenues	<u>93,189</u>	<u>176,794</u>
Total non-operating revenues	<u>93,189</u>	<u>176,794</u>
Operating transfers, net	<u>(1,640)</u>	<u>-0-</u>
Capital contributions:		
Capital grants	<u>290,193</u>	<u>1,346,605</u>
Total capital contributions	<u>290,193</u>	<u>1,346,605</u>
Change in net position	(422,380)	553,200
Beginning net position, as restated	<u>21,089,072</u>	<u>20,829,044</u>
Ending net position	<u>\$20,666,692</u>	<u>\$21,382,244</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS

Overall, net position decreased by .3% from 2012 to 2013.

That change in 2013 is reflected as an increase in capital grants receivable which constitutes 58% of total current assets. The increase in grants receivable was due to the timing in reimbursement in capital grants from HUD.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2013 decreased by \$530,770 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$619,500 in 2012 to \$663,116 in 2013, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.
- Operating grants from HUD for the Low Rent Public, Capital Funds (non-capital) and Housing Choice Voucher and Disaster Programs, decreased from \$6,587,910 in 2012 to \$6,171,725 in 2013 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and operating grants from various Capital Fund awards.
- Capital funds for modernization of projects decreased from \$1,346,605 in 2012 to \$290,193 in 2013 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$176,794 in 2012 to \$93,189 in 2013 as a result of fee based activity by the central office.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Compared to the prior fiscal year, total operating expenses increased from \$6,905,600 in 2012 to \$7,348,770 for the year ended June 30, 2013.

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords from \$3,521,356 during 2012 to \$3,527,173 in 2013.
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director and other personnel. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net position decreased by 3.3% from 2012 to 2013.

The contributing factors for the change follows:

- o For 2013 current assets increased by 18.5% due to the net effect of changes in dwelling rental income administrative fees and capital and operating funding levels.
- o Capital assets increased net of accumulated depreciation by 1.0%.
- o Current liabilities increased by 3.9% due to the interfund out-of-balance condition.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2012 decreased from \$15,745,808 to \$6,970,717 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from 2011 to 2012 by 38.3% primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Grants from HUD for the Low Rent Public and Housing Choice Voucher and Disaster Programs decreased from \$7,156,327 in 2011 to \$4,855,616 in 2012 due primarily to the level of leased-up in the Voucher and Disaster Programs impacting its earned grant.
- Capital funds for modernization of projects decreased from \$7,129,469 in 2011 to \$1,346,605 in 2012 as a result of funding availability from HUD.

Compared to the prior fiscal year, total operating expenses decreased from \$9,310,702 in 2011 to \$6,905,600 for the year ended June 30, 2012.

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords by 5.6% from 2010 to 2011.
- Inflationary impact on operating expenses specifically employee compensation and related benefits, utilities, supplies and materials during the years ended June 30, 2011 and 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013 and 2012, **HACA** had \$20,071,483 and \$20,290,300 invested in a broad range of capital assets, including land, buildings and building improvements, automobiles, furniture and equipment and construction in progress. This amount represents a net decrease (including additions, deductions and depreciation) of \$218,817

	Capital Assets, Net	
	June 30	
	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 2,129,199	\$ 2,129,199
Buildings and buildings improvements	38,833,868	38,783,641
Automobiles, furniture and equipment	257,090	488,966
Construction in progress	<u>2,144,886</u>	<u>1,651,367</u>
	43,365,043	43,053,173
Less accumulated depreciation expense	<u>(23,293,560)</u>	<u>(22,762,873)</u>
Total	<u>\$ 20,071,483</u>	<u>\$ 20,290,300</u>

See Note 4 for additional information.

Debt

HACA long-term obligation at June 30, 2013 was \$77,972 and \$89,476 for 2012.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HACA is primarily dependent upon HUD for the funding of its operations; therefore **HACA** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending June 30, 2013 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **HACA's** finances and to show **HACA's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Alexandria, P. O Box 8219, Alexandria, LA 71306 telephone number (318) 442-8843.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF NET POSITION- ENTERPRISE FUND
JUNE 30, 2013

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 5)	\$ 1,199,302
Restricted cash (NOTES 5 and 6)	92,515
Amounts receivable, net (NOTE 2)	2,116,914
Prepaid and other assets (NOTE 3)	165,537
Investment (NOTE 7)	<u>23,786</u>

Total current assets 3,598,054

Non-current assets:

Capital assets, net (NOTES 4 and 13)	<u>20,071,483</u>
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Total non-current assets 20,071,483

Total assets 23,669,537

LIABILITIES

Current Liabilities:

Due to other funds, net	2,329,477
Amounts and other payables (NOTE 8)	384,978
Accrued liabilities	78,585
Compensated absences payable (NOTE 14)	33,417
Security deposits held for tenants (NOTE 6)	<u>92,515</u>

Total current liabilities 2,918,972

Non-current liabilities:

Compensated absences payable (NOTE 14)	<u>77,972</u>
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Total non-current liabilities 77,972

Total liabilities 2,996,944

Deferred Inflow of Resources:

Deferred grant funds (NOTE 18)	<u>5,901</u>
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Total deferred inflow of resources 5,901

NET POSITION

Net Position:

Investment in capital assets	20,071,483
Unrestricted	<u>595,209</u>

Total net position \$20,666,692

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues:	
HUD operating grants	\$ 5,408,205
Administrative fees earned	473,327
Dwelling rental	<u>663,116</u>
Total operating revenues	<u>6,544,648</u>
Operating Expenses:	
Salaries and employee benefits	1,501,729
Contractual services	233,165
Utilities	176,241
Depreciation	762,574
Insurance	256,334
Housing assistance payments	3,527,173
Maintenance and repairs	463,876
Convention and travel	40,416
Telephone	42,484
Bad debt expense	25,122
Payment in lieu of taxes	51,628
Supplies	26,189
Postage	7,378
Publication	13,409
Membership dues and fees	2,942
Bank charges	1,382
General	<u>216,728</u>
Total operating expenses	<u>7,348,770</u>
Operating loss	<u>(804,122)</u>
Non-operating revenues:	
Interest income	1,392
Other	<u>91,797</u>
Total non-operating revenues	<u>93,189</u>
Operating transfers in (out), net	<u>(1,640)</u>
Capital contributions:	
HUD capital grants	<u>290,193</u>
Total capital contributions	<u>290,193</u>
Change in net position	<u>(422,380)</u>
Net position, beginning of year, as previously reported	21,382,244
Prior period adjustments (NOTE 16)	<u>(293,172)</u>
Net position, beginning of year, as restated	<u>21,089,072</u>
Net position, end of year	<u>\$20,666,692</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from Operating Activities	
Operating grants	\$ 5,860,478
Receipt from tenants	685,706
Payments to suppliers for goods and services	(990,538)
Payments to employees	(1,477,650)
Payments to landlords	<u>(3,527,173)</u>
Net cash provided by operating activities	<u>550,823</u>
Cash Flows from Investing Activities:	
Purchase of investment	<u>(451)</u>
Cash used by investing activities	<u>(451)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(311,870)
Capital contributions	2,907,405
Debt principal payments	(2,500,000)
Other	<u>(280,404)</u>
Net cash used by capital and related financing activities	<u>(184,869)</u>
Net increase in cash and temporary cash investments	365,503
Cash and temporary cash investments, beginning of year	<u>926,314</u>
Cash and temporary cash investments, end of year	<u>\$ 1,291,817</u>
NOTE: Cash	\$ 1,199,302
Restricted	<u>92,515</u>
	<u>\$ 1,291,817</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of Operating Loss to Net Cash Used
by Operating activities:

Operating loss	\$(804,122)
Adjustments to reconcile operating loss to cash used by Operating activities:	
Depreciation	762,574
Adjustments to beginning net position	293,172
Changes in net position and liabilities:	
Increase in amounts receivable	(6,862)
Increase in prepaid and other assets	(25,186)
Increase in amounts and other payables	90,261
Increase in accrued liabilities	40,473
Decrease in accrued interest payable	(31,014)
Increase in accounts payable - HUD	239,523
Decrease in deferred grant funds	(21,054)
Decrease in compensated absences payable	(16,394)
Increase in security deposits	<u>29,452</u>
Net cash used by operating activities	<u>\$ 550,823</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Alexandria (HACA) is a chartered public corporation under the laws of the State of Louisiana. **HACA's** is governed by a five (5) member Board of Commissioners, all appointed by the City and serve five year staggered terms. The Board of **HACA** exercises all powers granted to **HACA**.

At June 30, 2013, **HACA** was primarily engaged in providing safe and sanitary dwelling accommodations for the residents of the City of Alexandria through the administration of its Low Rent Public Housing, Housing Choice Voucher, Disaster Assistance Housing, Disaster Voucher and Veterans Affairs Supportive Housing Programs to low-income residents in the City of Alexandria.

Under the Low Rent Public Housing Program, **HACA** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled Section 8 and Voucher programs) **HACA** provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance and the Disaster Voucher Housing Programs provide transitional assistance for families impacted by the events of hurricane storm damages. The Veterans Affairs Supportive Housing Program provides housing assistance to veterans.

Financial Reporting Entity

GASB Statements No. 14 and No. 39 establishes the criteria for determining which, if any, component units should be considered part of **HACA** for financial reporting purposes. The basic criterion for including a component unit within the reporting entity is financial accountability, which includes:

1. Appointing a majority of an organization's governing body, and;
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, **HACA** has determined that the following component unit should be considered as part of **HACA** reporting entity:

The Alexandria Affordable Housing Corporation (AAHC) is a legally separate entity. This entity has facilitated demolition of **HACA**'s rental units and redevelopment of rental units. The AAHC is providing services that benefit **HACA** because these services would be provided by **HACA** in the absence of the AAHC. AAHC is included through blended presentation.

HACA is a related organization of the City of Alexandria, Louisiana since the city appoints a voting majority of **HACA**'s governing board. The City is not financially accountable for **HACA** as it cannot impose its will on **HACA** and there is no potential for **HACA** to provide financial benefit to, or impose financial burdens on, the City. Accordingly, **HACA** is not a component unit of the financial reporting entity of the City of Alexandria.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, **HACA**'s financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Specifically, the accounts of **HACA** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACA** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HACA's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **HACA** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **HACA** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **HACA** as deferred revenue upon award.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation

HACA adopted the provisions of Government Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation, Continued

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in **HACA's** operating statement. **HACA's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HACA** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HACA's** operating statement. **HACA** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Pursuant to GASB Statement No. 20, **HACA** has elected to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **HACA** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

Capital Assets

Capital assets are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HACA follows the practice of capitalizing all structures and equipment over \$500.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Structures and equipment are depreciated in the enterprise fund of HACA using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At June 30, 2013, it is managements assertion that there are no impairment of capital assets pursuant to GASB Statement No. 42.

Compensated Absences

HACA follows the Louisiana State Civil Service policies regarding compensated absences. Under those regulations, employees may accumulate three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

HACA prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HACA does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by **HACA's** Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, **HACA** considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of June 30, 2013 consisted of the following:

	Capital Fund Program	Low Rent Public Housing Program	Total
Tenant accounts receivable	\$ -0-	\$ 37,376	\$ 37,376
Operating and capital grants	1,194,160	886,209	2,080,369
Accrued interest receivable	<u>-0-</u>	<u>748</u>	<u>748</u>
Sub-total	1,194,160	924,333	2,118,493
Less allowance for doubtful accounts	<u>-0-</u>	<u>(1,579)</u>	<u>(1,579)</u>
Total	<u>\$1,194,160</u>	<u>\$922,754</u>	<u>\$2,116,914</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Prepaid and Other Assets:

Prepaid and other assets at June 30, 2013, consisted of the following:

Inventory of materials	\$ 17,810
Prepaid expenses	<u>147,727</u>
	<u>\$165,537</u>

NOTE 4 - Capital Assets:

At June 30, 2013, capital assets consisted of the following:

<u>Description</u>	<u>As Previously Reported July 1, 2012</u>	<u>Net Change</u>	<u>Balance June 30, 2013</u>
Land and land improvements	\$ 2,129,199	\$ -0-	\$ 2,129,199
Building and building improvements	38,783,641	50,227	38,833,868
Automobile, furniture and equipment	488,966	(231,876)	257,090
Construction in progress	<u>1,651,367</u>	<u>493,519</u>	<u>2,144,886</u>
Sub-total	43,053,173	311,870	43,365,043
Less accumulated depreciation	<u>(22,762,873)</u>	<u>(530,687)</u>	<u>(23,293,560)</u>
Total	<u>\$ 20,290,300</u>	<u>\$(218,817)</u>	<u>\$ 20,071,483</u>

We were unable to provide the detail disclosure of capital asset activity between years as further discussed at audit findings reference numbers 2013-03 and 2013-14.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment:

At June 30, 2013, the carrying amount of **HACA**'s deposits was \$1,291,817 (\$1,199,302 in unrestricted and \$92,515 in restricted) and the bank balance was \$1,357,460. Of this amount \$250,000 was covered by federal depository insurance and the balance collateralized by a pledge of securities in the joint name of **HACA** and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **HACA**'s deposits may not be returned to it. **HACA** has no deposit policy for custodial risk; however, none of **HACA**'s bank balances were expensed to custodial risk.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended June 30, 2013, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment, Continued:

At June 30, 2013, cash and temporary cash investment consisted of the following:

	<u>Private Property Fund</u>	<u>Central Office Cost Center</u>	<u>Veterans Affairs Supportive Housing</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand deposits	\$78,002	\$974,928	\$(939)	\$239,826	\$1,291,817	.017%	N/A
Total	\$78,002	\$974,928	\$(939)	\$239,826	\$1,291,817		

NOTE 6 - Restricted Cash:

At June 30, 2013, restricted cash consisted of \$92,515 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

The total restricted cash of \$92,515 represents the carrying amount and bank balance at June 30, 2013. Further, the amount is collateralized as previously described in NOTE 5.

NOTE 7 - Investment:

At June 30, 2013, investment consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of deposit	\$ 6,777	\$ 6,777	3.35%	07-22-14
Certificate of deposit	6,777	6,777	3.35%	07-22-14
Certificate of deposit	<u>10,232</u>	<u>10,232</u>	3.35%	07-22-14
	<u>\$23,786</u>	<u>\$23,786</u>		

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Amounts and Other Payables:

Amounts and other payables at June 30, 2013, consisted of the following:

	Central Office <u>Cost Center</u>	Disaster Voucher <u>Program</u>	<u>Total</u>
Accounts payable - HUD	\$ -0-	\$239,523	\$239,523
Accounts payable-vendors	<u>145,455</u>	<u>-0-</u>	<u>145,455</u>
Total	<u>\$145,455</u>	<u>\$239,523</u>	<u>\$384,978</u>

NOTE 9 - Risk Management:

HACA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **HACA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Line of Credit:

During the year ended June 30, 2013, **HACA** was obligated to a bank for a line of credit advance totaling \$2,500,000 at an interest rate of 3.5% which matured on March 10, 2012. The line of credit was paid off in November 2012.

NOTE 11 - Concentration of Credit Risk:

HACA receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, **HACA's** operating results could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Contingencies:

HACA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HACA**. These examinations may result in required refunds by **HACA** to the agencies and/or program beneficiaries.

NOTE 13 - Commitments:

At June 30, 2013, **HACA** has executed agreements with HUD for various modernization, acquisitions and management improvement projects.

NOTE 14 - Compensated Absences Payable:

Compensated absences payable at June 30, 2013 of \$111,389 represents unpaid accrued vacation earned by employees.

<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<u>\$33,417</u>	<u>\$77,972</u>	<u>\$111,389</u>

NOTE 15 - Per Diem to Board Members:

During the year ended June 30, 2013, no board member received per diem in his or her capacity as a commissioner.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - Restatement of Beginning Net Position:

Net assets at the beginning of the year has been restated to properly account for the effect of transactions resulting from equity transfers and the effect of prior period adjustments.

NOTE 17 - Retirement Plan:

HACA has two (2) retirement plans a 401(k) plan which is not active and a 457 retirement plan that is active. **HACA's** contribution to the plan is discretionary and determined by the Board of Commissioners.

Plan Funding

Funding for the Plan is through a discretionary contribution by **HACA**. Eligibility is based on full-time employment.

HACA gross payroll for participating employees for the year ended June 30, 2013 was \$556,652. **HACA** employee contributions made for the year ended June 30, 2013 was \$21,797.

NOTE 18 - Deferred Inflow of Resources:

At June 30, 2013 deferred inflow of resources represent funds advanced to **HACA** for its Capital Funds Program.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - Operating Losses:

For the year ended June 30, 2013, **HACA** incurred operating losses in its Asset Management Projects, Central Office Cost Center, Private Property, Housing Voucher Programs and Veterans Affairs Supportive Housing Programs.

The cumulative operating loss for the year ended June 30, 2013 was \$(804,122). Management continues to function under a plan of cost containment coupled with revenue enhancement strategies.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

**Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

We have audited the financial statements of **Housing Authority of the City of Alexandria (HACA)** and have issued our report dated December 31, 2013, which contained a modified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**
(CONTINUED)

**Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133, Continued**

such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund out-of-balance condition, Capital Fund grants receivable, capital assets, and net position, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Matters

Other Information

The supplementary information (Schedules II, III, and IV) required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund out-of-balance condition, Capital Fund grants receivable, capital assets, and net position, Schedules II, III, and IV are fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Other Matters, Continued

Other Information, Continued

Also, the supplementary information (Exhibits I, II, III, IV and V), which is prepared in accordance with accounting principles generally accepted in the United States of America, are presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and has been subjected to the procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund out-of-balance condition, capital assets, Capital Fund grants receivable, and net position Exhibits I, II, III, IV and V are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2013

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET POSITION—ENTERPRISE FUND
JUNE 30, 2013

ACCOUNT DESCRIPTION	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Current Assets:												
Cash	\$ -0-	\$ -0-	\$ 884,213	\$ -0-	\$ 76,202	\$ 960,415	\$ 239,826	\$ -0-	\$ -0-	\$ (939)	\$ 238,887	\$ 1,199,302
Restricted cash	-0-	-0-	90,715	-0-	1,800	92,515	-0-	-0-	-0-	-0-	-0-	92,515
Accounts receivable - net	919,765	1,194,160	-0-	-0-	2,989	2,116,914	-0-	-0-	-0-	-0-	-0-	2,116,914
Prepaid and other assets	133,872	-0-	5,091	-0-	6,496	145,459	2,268	-0-	-0-	-0-	2,268	147,727
Due from other funds	2,525,540	231,728	1,682,524	407,250	2,392	4,853,434	97,644	-0-	293,961	64,478	456,083	5,309,517
Inventory - materials	17,810	-0-	-0-	-0-	-0-	17,810	-0-	-0-	-0-	-0-	-0-	17,810
Investment	23,786	-0-	-0-	-0-	-0-	23,786	-0-	-0-	-0-	-0-	-0-	23,786
Total current assets	3,624,773	1,425,888	2,662,543	407,250	89,879	8,210,333	339,738	-0-	293,961	63,539	697,238	8,907,571
Noncurrent Assets:												
Capital assets, net	7,653,891	12,309,170	-0-	-0-	108,422	20,071,483	-0-	-0-	-0-	-0-	-0-	20,071,483
Total non-current assets	7,653,891	12,309,170	-0-	-0-	108,422	20,071,483	-0-	-0-	-0-	-0-	-0-	20,071,483
Total assets	11,278,664	13,735,058	2,662,543	407,250	198,301	28,281,816	339,738	-0-	293,961	63,539	697,238	28,979,054

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINING STATEMENT OF NET POSITION--ENTERPRISE FUND, CONTINUED
JUNE 30, 2013

ACCOUNT DESCRIPTION	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Liabilities:												
Current Liabilities:												
Accounts payable	\$ -0-	\$ -0-	\$ 145,455	\$ -0-	\$ -0-	\$ 145,455	\$ -0-	\$ -0-	\$ 239,523	\$ -0-	\$ 239,523	\$ 384,978
Due to other funds	1,565,991	2,060,194	2,854,013	-0-	86,357	6,566,555	985,370	10,232	-0-	76,837	1,072,439	7,638,994
Accrued compensated absence	24,877	-0-	3,272	-0-	157	28,306	5,111	-0-	-0-	-0-	5,111	33,417
Accrued liabilities	56,024	-0-	16,939	-0-	3,293	76,256	2,150	-0-	-0-	179	2,329	78,585
Tenant security deposit	90,715	-0-	-0-	-0-	1,800	92,515	-0-	-0-	-0-	-0-	-0-	92,515
Total current liabilities	1,737,607	2,060,194	3,019,679	-0-	91,607	6,909,087	992,631	10,232	239,523	77,016	1,319,402	8,228,489
Non-current liabilities:												
Accrued compensated absence non-current	58,046	-0-	7,634	-0-	366	66,046	11,926	-0-	-0-	-0-	11,926	77,972
Total non-current liabilities	58,046	-0-	7,634	-0-	366	66,046	11,926	-0-	-0-	-0-	11,926	77,972
Total liabilities	1,795,653	2,060,194	3,027,313	-0-	91,973	6,975,133	1,004,557	10,232	239,523	77,016	1,331,328	8,306,461
Deferred Inflow of Resources:												
Deferred grant funds	5,263	-0-	-0-	-0-	638	5,901	-0-	-0-	-0-	-0-	-0-	5,901
Total deferred inflow of resources	5,263	-0-	-0-	-0-	638	5,901	-0-	-0-	-0-	-0-	-0-	5,901

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
COMBINING STATEMENT OF NET POSITION—ENTERPRISE FUND, CONTINUED
JUNE 30, 2013

ACCOUNT DESCRIPTION	Asset Management Properties	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum) Only
Net Position:												
Investment in capital assets	\$7,653,891	\$12,309,170	\$ -0-	\$ -0-	\$108,422	\$20,071,483	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$20,071,483
Unrestricted net position	1,823,857	(634,306)	(364,770)	407,250	(2,732)	1,229,299	(664,819)	(10,232)	54,438	(13,477)	(634,090)	595,209
Total net position	\$9,477,748	\$11,674,864	\$ (364,770)	\$407,250	\$105,690	\$21,300,782	\$ (664,819)	\$ (10,232)	\$ 54,438	\$ (13,477)	\$ (634,090)	\$20,666,692

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Operating Revenues:												
Dwelling rental	\$ 629,423	\$ -0-	\$ 50	\$ -0-	\$ 33,643	\$ 663,116	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 663,116
HUD operating grants	2,183,343	-0-	-0-	-0-	-0-	1,283,343	3,224,862	-0-	-0-	-0-	3,224,862	5,408,205
Administrative and other fees earned	-0-	-0-	340,538	-0-	-0-	340,538	397,327	-0-	-0-	-0-	397,327	737,865
Total operating revenues	2,812,766	-0-	340,538	-0-	33,643	3,186,997	3,622,189	-0-	-0-	-0-	3,622,189	6,809,186
Operating Expenses:												
Salaries and employee benefits	819,256	-0-	321,321	-0-	8,159	1,148,736	339,938	-0-	-0-	13,055	352,993	1,501,729
Contractual services	419,513	-0-	58,039	-0-	4,897	482,449	15,254	-0-	-0-	-0-	15,254	497,703
Utilities	140,323	-0-	22,513	-0-	481	163,317	12,924	-0-	-0-	-0-	12,924	176,241
Depreciation	756,085	-0-	-0-	-0-	6,489	762,574	-0-	-0-	-0-	-0-	-0-	762,574
Insurance	214,658	-0-	21,078	-0-	12,795	248,531	7,803	-0-	-0-	-0-	7,803	256,334
Housing assistance payments	-0-	-0-	-0-	-0-	-0-	-0-	3,430,399	-0-	-0-	96,774	3,527,173	3,527,173
Maintenance/repairs	426,389	-0-	18,096	-0-	14,017	458,502	5,374	-0-	-0-	-0-	5,374	463,876
Convention and travel	38,488	-0-	1,811	-0-	42	40,341	75	-0-	-0-	-0-	75	40,416
Telephone	23,580	-0-	9,718	-0-	-0-	35,298	7,186	-0-	-0-	-0-	7,186	42,484
Bad debt expense	45,364	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25,122
Payment in lieu of taxes	10,264	-0-	-0-	-0-	6,264	51,628	-0-	-0-	-0-	-0-	-0-	51,628
Supplies	6,820	-0-	319	-0-	80	15,383	10,629	-0-	-0-	177	10,806	26,189
Postage	8,981	-0-	1,560	-0-	979	7,139	239	-0-	-0-	-0-	239	7,378
Publication	520	-0-	1,543	-0-	-0-	11,520	1,889	-0-	-0-	-0-	1,889	13,409
Membership dues and fees	41	-0-	870	-0-	401	2,063	879	-0-	-0-	-0-	879	2,942
Bank charges	-0-	-0-	-0-	-0-	-0-	1,312	70	-0-	-0-	-0-	70	1,382
General	181,283	-0-	11,234	-0-	3,592	196,109	20,336	-0-	-0-	283	20,619	216,728
Total operating expenses	3,118,687	-0-	473,141	-0-	58,196	3,650,024	3,852,995	-0-	-0-	110,289	3,963,284	7,613,308

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION-ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

	Asset Management Projects	Capital Fund Programs	Central Office Cost Center	Affordable Housing	Private	Subtotal	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing Program	Subtotal	Total (Memorandum Only)
Operating Loss	\$ (305,921)	\$ -	\$ (132,553)	\$ -	\$ (24,553)	\$ (463,027)	\$ (230,806)	\$ -	\$ -	\$ (110,289)	\$ (341,095)	\$ (804,122)
Non-operating revenues:												
Interest income	579	-	558	-	55	1,192	187	-	-	13	200	1,392
Other income	27,753	-	52,688	-	(115)	80,326	11,471	-	-	-	11,471	91,797
Total non-operating revenues	28,332	-	53,246	-	(60)	81,518	11,658	-	-	13	11,671	93,189
Operating transfers in (out)	584,822	(586,462)	-	-	-	(1,640)	-	-	-	-	-	(1,640)
Capital contributions:												
HUD capital grants	290,193	-	-	-	-	290,193	-	-	-	-	-	290,193
Total capital contributions	290,193	-	-	-	-	290,193	-	-	-	-	-	290,193
Change in net position	597,426	(586,462)	(79,307)	-	(24,613)	(92,956)	(219,148)	-	-	(110,276)	(329,424)	(422,380)
Net position, beginning or year, as related	8,880,322	12,261,326	(285,463)	407,250	130,303	21,393,738	(445,671)	(10,232)	54,438	96,199	(304,666)	21,089,072
Net position (deficit), end of year	\$9,477,748	\$11,674,864	\$ (964,770)	\$ 407,250	\$ 105,690	\$ 21,300,782	\$ (664,819)	\$ (10,232)	\$ 54,438	\$ (13,477)	\$ (634,090)	\$ 20,666,692

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET POSITION-ENTERPRISE FUND--CAPITAL FUND PROGRAMS
JUNE 30, 2013

<u>ACCOUNT DESCRIPTION</u>	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Current Assets:				
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Restricted cash	-0-	-0-	-0-	-0-
Accounts receivable - HUD	772,932	-0-	421,228	1,194,160
Tenant receivable, net of allowance	-0-	-0-	-0-	-0-
Accrued interest	-0-	-0-	-0-	-0-
Prepaid and other assets	-0-	-0-	-0-	-0-
Due from	231,728	-0-	-0-	231,728
Inventory - materials	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total current assets	<u>1,004,660</u>	<u>-0-</u>	<u>421,228</u>	<u>1,425,888</u>
Non-current assets:				
Capital assets, net	<u>3,256,130</u>	<u>1,137,040</u>	<u>7,916,000</u>	<u>12,309,170</u>
Total non-current assets	<u>3,256,130</u>	<u>1,137,040</u>	<u>7,916,000</u>	<u>12,309,170</u>
Total assets	<u>4,260,790</u>	<u>1,137,040</u>	<u>8,337,228</u>	<u>13,735,058</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET POSITION-ENTERPRISE FUND--CAPITAL FUND PROGRAMS, CONTINUED
JUNE 30, 2013

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Liabilities:				
Current Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Accrued interest payable	-0-	-0-	-0-	-0-
Due to	2,060,194	-0-	-0-	2,060,194
Line of credit	-0-	-0-	-0-	-0-
Accrued interest	-0-	-0-	-0-	-0-
Accrued compensated absence	-0-	-0-	-0-	-0-
Accrued pilot	-0-	-0-	-0-	-0-
Tenant security deposit	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total current liabilities	<u>2,060,194</u>	<u>-0-</u>	<u>-0-</u>	<u>2,060,194</u>
Non-current liabilities:				
Accrued compensated absence - noncurrent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>2,060,194</u>	<u>-0-</u>	<u>-0-</u>	<u>2,060,194</u>
Deferred Inflow of Resources:				
Deferred grant funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Position:				
Investment in capital assets	3,256,130	1,137,040	7,916,000	12,309,170
Unrestricted net position	<u>(1,055,534)</u>	<u>-0-</u>	<u>421,228</u>	<u>(634,306)</u>
Total net position	<u>\$ 2,200,596</u>	<u>\$1,137,040</u>	<u>\$8,337,228</u>	<u>\$11,674,864</u>

See Independent Auditors' on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION - ENTERPRISE FUND
CAPITAL FUND PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Capital Fund Program</u>	<u>Capital Fund Stimulus Grant</u>	<u>Capital Fund Competitive Stimulus Grant</u>	<u>Total</u>
Operating Revenues:				
Dwelling rental	\$ -0-	\$ -0-	\$ -0-	\$ -0-
HUD operating grants	-0-	-0-	-0-	-0-
Administrative and other fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Expenses:				
Salaries and employee benefits	-0-	-0-	-0-	-0-
Materials and other	-0-	-0-	-0-	-0-
Contractual services	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Depreciation	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Housing assistance payments	-0-	-0-	-0-	-0-
Office rent	-0-	-0-	-0-	-0-
Maintenance/repairs	-0-	-0-	-0-	-0-
Convention and travel	-0-	-0-	-0-	-0-
Telephone	-0-	-0-	-0-	-0-
Bad debt expense	-0-	-0-	-0-	-0-
Payment in lieu of taxes	-0-	-0-	-0-	-0-
Portability fees	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-
Postage	-0-	-0-	-0-	-0-
Publication	-0-	-0-	-0-	-0-
Tenant services	-0-	-0-	-0-	-0-
Membership dues and fees	-0-	-0-	-0-	-0-
Bank charges	-0-	-0-	-0-	-0-
General	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total operating expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION - ENTERPRISE FUND
CAPITAL FUND PROGRAMS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Total
Operating income	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-operating revenues:				
Interest income	-0-	-0-	-0-	-0-
Other income	-0-	-0-	-0-	-0-
Proceeds from insurance claim	-0-	-0-	-0-	-0-
Fraud recovery	-0-	-0-	-0-	-0-
Other income Legacy Heights reimbursement	-0-	-0-	-0-	-0-
Total non-operating revenues	-0-	-0-	-0-	-0-
Operating transfers in (out)	(586,462)	-0-	-0-	(586,462)
Capital Contributions:				
HUD capital grants	-0-	-0-	-0-	-0-
Total capital contributions	-0-	-0-	-0-	-0-
Change in net position	(586,462)	-0-	-0-	(586,462)
Net position, beginning of year, as restated	2,787,058	1,137,040	8,337,228	12,261,326
Net position (deficit), end of year	\$2,200,596	\$1,137,040	\$8,337,228	\$11,674,864

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
Operating Revenue:			
Dwelling rental	\$ 663,116	\$ -0-	\$ 663,116
HUD operating grants	5,408,205	-0-	5,408,205
Administrative and other fees earned	<u>737,865</u>	<u>(264,538)</u>	<u>473,327</u>
Total operating revenues	<u>6,809,186</u>	<u>(264,538)</u>	<u>6,544,648</u>
Operating Expenses:			
Salaries and employee benefits	1,501,729	-0-	1,501,729
Contractual Services	497,703	(264,538)	233,165
Utilities	176,241	-0-	176,241
Depreciation	762,574	-0-	762,574
Insurance	256,334	-0-	256,334
Housing assistance payments	3,527,173	-0-	3,527,173
Maintenance/repairs	463,876	-0-	463,876
Convention and travel	40,416	-0-	40,416
Telephone	42,484	-0-	42,484
Bad debt expense	25,122	-0-	25,122
Payment in lieu of taxes	51,628	-0-	51,628
Supplies	26,189	-0-	26,189
Postage	7,378	-0-	7,378
Publication	13,409	-0-	13,409
Membership dues and fees	2,942	-0-	2,942
Bank charges	1,382	-0-	1,382
General	<u>216,728</u>	<u>-0-</u>	<u>216,728</u>
Total assets	<u>7,613,308</u>	<u>(264,538)</u>	<u>7,348,770</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND-NET POSITION-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
Operating Loss	\$ (804,122)	\$ -0-	\$ (804,122)
Non-operating revenues :			
Interest income	1,392	-0-	1,392
Other income	<u>91,797</u>	<u>-0-</u>	<u>91,797</u>
Total non-operating revenues	<u>93,189</u>	<u>-0-</u>	<u>93,189</u>
Operating transfers in (out)	<u>(1,640)</u>	<u>-0-</u>	<u>(1,640)</u>
Capital contributions:			
HUD capital grants	<u>290,193</u>	<u>-0-</u>	<u>290,193</u>
Total capital contributions	<u>290,193</u>	<u>-0-</u>	<u>290,193</u>
Change in net position	(422,380)	-0-	(422,380)
Net position, beginning or year, as restated	<u>21,089,072</u>	<u>-0-</u>	<u>21,089,072</u>
Net position (deficit), end of year	<u>\$20,666,692</u>	<u>\$ -0-</u>	<u>\$20,666,692</u>

See Independent Auditors' on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 1,585,309
Capital Fund Program	14.872	964,227
Housing Choice Voucher Program	14.871	<u>3,622,189</u>
Total		<u>\$ 6,171,725</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HACA and is presented on a n accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET
JUNE 30, 2013**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
111	Cash-unrestricted	\$ 960,415	\$238,887	\$ 1,199,302
115	Cash tenant security deposits	<u>92,515</u>	<u>-0-</u>	<u>92,515</u>
100	Total cash	1,052,930	238,887	1,291,817
122	Accounts receivable - HUD	2,080,369	-0-	2,080,369
126	Tenant receivable, net of allowance	<u>35,796</u>	<u>-0-</u>	<u>35,796</u>
129	Accrued interest receivable	749	-0-	749
131	Investment-unrestricted	23,786	-0-	23,786
142	Prepaid and other assets	145,459	2,268	147,727
143	Inventories	17,810	-0-	17,810
144	Due from	<u>4,853,434</u>	<u>456,083</u>	<u>5,309,517</u>
150	Total current assets	<u>8,210,333</u>	<u>697,238</u>	<u>8,907,571</u>
161	Land	2,129,199	-0-	2,129,199
162	Buildings	38,833,868	-0-	38,833,868
163	Furniture, equipment and machinery-dwellings	67,987	-0-	67,987
164	Furniture, equipment and machinery-administration	189,103	-0-	189,103
166	Accumulated depreciation	<u>(23,293,560)</u>	<u>-0-</u>	<u>(23,293,560)</u>
167	Construction in process	<u>2,144,886</u>	<u>-0-</u>	<u>2,144,886</u>
160	Total capital assets, net of accumulated depreciation	<u>20,071,483</u>	<u>-0-</u>	<u>20,071,483</u>
180	Total non-current assets	<u>20,071,483</u>	<u>-0-</u>	<u>20,071,483</u>
190	Total assets	<u>\$ 28,281,816</u>	<u>\$697,238</u>	<u>\$ 28,979,054</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE COMBINING BALANCE SHEET, CONTINUED
JUNE 30, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
312	Accounts payable	\$ 145,455	\$ -0-	\$ 145,455
321	Accrued salaries and taxes	27,672	2,329	30,001
322	Accrued compensated absences	28,306	5,111	33,417
331	Accounts payable - HUD	-0-	239,523	239,523
341	Tenant security deposit	92,515	-0-	92,515
342	Deferred revenue	5,901	-0-	5,901
346	Accrued liabilities - other	48,584	-0-	48,584
347	Due to	<u>6,566,555</u>	<u>1,072,439</u>	<u>7,638,994</u>
310	Total current liabilities	<u>6,914,988</u>	<u>1,319,402</u>	<u>8,234,390</u>
354	Accrued compensated absences non-current	<u>66,046</u>	<u>11,926</u>	<u>77,972</u>
350	Total non-current liabilities	<u>66,046</u>	<u>11,926</u>	<u>77,972</u>
300	Total liabilities	<u>6,981,034</u>	<u>1,331,328</u>	<u>8,312,362</u>
508.1	Investment in capital assets	20,071,483	-0-	20,071,483
512.1	Unrestricted net position	<u>1,229,299</u>	<u>(634,090)</u>	<u>595,209</u>
513	Total equity/net position	<u>21,300,782</u>	<u>(634,090)</u>	<u>20,666,692</u>
	Total liabilities equity/net position	<u>\$28,281,816</u>	<u>\$ 697,238</u>	<u>\$28,979,054</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
70300	Net tenant rental revenue	\$ 624,559	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 624,559	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 624,559
70400	Tenant revenue other	38,557	-0-	-0-	-0-	-0-	38,557	-0-	-0-	-0-	-0-	-0-	38,557
70500	Total tenant revenue	663,116	-0-	-0-	-0-	-0-	663,116	-0-	-0-	-0-	-0-	-0-	663,116
70600	HUD PHA operating grants	2,183,343	-0-	-0-	-0-	-0-	2,183,343	3,622,189	-0-	-0-	-0-	3,662,189	5,805,532
70610	Capital grants	290,193	-0-	-0-	-0-	-0-	290,193	-0-	-0-	-0-	-0-	-0-	290,193
70710	Management fees	264,538	-0-	-0-	-0-	-0-	264,538	-0-	-0-	-0-	-0-	-0-	264,538
70720	Assets management fees	76,000	-0-	-0-	-0-	-0-	76,000	-0-	-0-	-0-	-0-	-0-	76,000
70700	Total fee revenue	340,538	-0-	-0-	-0-	-0-	340,538	-0-	-0-	-0-	-0-	-0-	340,538
71100	Investment income - unrestricted	1,192	-0-	-0-	-0-	-0-	1,192	187	-0-	-0-	13	200	1,392
71400	Fraud recovery	-0-	-0-	-0-	-0-	-0-	-0-	10,783	-0-	-0-	-0-	10,783	10,783
71500	Other revenue	83,987	-0-	-0-	-0-	-0-	83,987	688	-0-	-0-	-0-	688	84,675
70000	Total revenue	3,562,369	-0-	-0-	-0-	-0-	3,562,369	3,633,847	-0-	-0-	13	3,633,860	7,196,229

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
91100	Administrative salaries	\$ 552,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 552,681	\$ 275,654	\$ -	\$ -	\$ 10,675	\$ 286,329	\$ 839,010
91200	Auditing fees	28,710	-	-	-	-	-	28,710	1,998	-	-	-	1,998	30,708
91300	Management fees	295,736	-	-	-	-	-	295,736	-	-	-	-	-	295,736
91310	Book-keeping fees	138,705	-	-	-	-	-	138,705	11,252	-	-	-	11,252	149,957
91400	Advertising and marketing	13,583	-	-	-	-	-	13,583	2,767	-	-	-	2,767	16,350
91500	Employee benefit contributions-													
	administrative	107,509	-	-	-	-	-	107,509	51,836	-	-	2,380	54,216	161,725
91600	Office expense	114,134	-	-	-	-	-	114,134	27,947	-	-	460	28,407	142,541
91700	Legal	19,297	-	-	-	-	-	19,297	2,004	-	-	-	2,004	21,301
91800	Travel	37,764	-	-	-	-	-	37,764	2,652	-	-	-	2,652	40,416
91900	Other	176,254	-	-	-	-	-	176,254	7,937	-	-	-	7,937	184,191
91000	Total operating administrative	1,484,373	-	-	-	-	-	1,484,373	384,047	-	-	13,515	397,562	1,881,935
93100	Water	118,456	-	-	-	-	-	118,456	-	-	-	-	-	118,456
93200	Electric	42,167	-	-	-	-	-	42,167	12,116	-	-	-	12,116	54,283
93300	Gas	2,694	-	-	-	-	-	2,694	808	-	-	-	808	3,502
93000	Total utilities	163,317	-	-	-	-	-	163,317	12,924	-	-	-	12,924	176,241

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
94100	Ordinary maintenance and operations-labor/sales	\$ 382,567	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 382,567	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 382,567
94200	Ordinary maintenance and operations-materials and other	323,706	-0-	-0-	-0-	-0-	323,706	3,822	-0-	-0-	-0-	3,822	327,528
94300	Ordinary maintenance and operations-miscellaneous contracts	107,033	-0-	-0-	-0-	-0-	107,033	1,551	-0-	-0-	-0-	1,551	108,584
94500	Employee benefit contributions-ordinary maintenance	60,373	-0-	-0-	-0-	-0-	60,373	-0-	-0-	-0-	-0-	-0-	60,373
94000	Total maintenance	873,679	-0-	-0-	-0-	-0-	873,679	5,373	-0-	-0-	-0-	5,373	879,052

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
95100	Protective services - labor	\$ 19,065	\$ -	\$ -	\$ -	\$ -	\$ 19,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,065
95300	Protective services-other	5,098	-0-	-0-	-0-	-0-	5,098	-0-	-0-	-0-	-0-	-0-	5,098
95000	Total protective services	24,163	-0-	-0-	-0-	-0-	24,163	-0-	-0-	-0-	-0-	-0-	24,163
96110	Property insurance	172,450	-0-	-0-	-0-	-0-	172,450	-0-	-0-	-0-	-0-	-0-	172,450
96120	Liability insurance	76,081	-0-	-0-	-0-	-0-	76,081	7,803	-0-	-0-	-0-	7,803	83,884
96130	Workmen's compensation	45,351	-0-	-0-	-0-	-0-	45,351	12,449	-0-	-0-	-0-	12,449	57,800
96100	Total insurance premiums	293,882	-0-	-0-	-0-	-0-	293,882	20,252	-0-	-0-	-0-	20,252	314,134
96300	Payroll in lieu of taxes	51,628	-0-	-0-	-0-	-0-	51,628	-0-	-0-	-0-	-0-	-0-	51,628
96400	Bad debt - tenant rents	25,079	-0-	-0-	-0-	-0-	25,079	-0-	-0-	-0-	-0-	-0-	25,079
96000	Total other general expenses	76,707	-0-	-0-	-0-	-0-	76,707	-0-	-0-	-0-	-0-	-0-	76,707
96900	Total operating expenses	2,916,121	-0-	-0-	-0-	-0-	2,916,121	422,596	-0-	-0-	13,515	436,111	3,352,232
97000	Excess (deficiency) of revenue over operating expenses	646,248	-0-	-0-	-0-	-0-	646,248	3,211,251	-0-	-0-	(13,502)	3,197,749	3,843,997

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
97100	Extraordinary maintenance	\$ 3,857	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,857	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,857
97200	Casualty losses	(13,297)	-0-	-0-	-0-	-0-	(13,297)	-0-	-0-	-0-	-0-	-0-	(13,297)
97300	Housing assistance payments	-0-	-0-	-0-	-0-	-0-	-0-	3,430,399	-0-	-0-	96,774	3,527,173	3,527,173
97400	Depreciation expense	762,574	-0-	-0-	-0-	-0-	762,574	-0-	-0-	-0-	-0-	-0-	762,574
99000	Total expenses	3,669,255	-0-	-0-	-0-	-0-	3,669,255	3,852,995	-0-	-0-	110,289	3,963,284	7,632,539
10010	Operating transfer in	584,822	-0-	-0-	-0-	-0-	584,822	-0-	-0-	-0-	-0-	-0-	584,822
10020	Operating transfer out	-0-	-0-	-0-	-0-	-0-	(586,462)	-0-	-0-	-0-	-0-	-0-	(586,462)
10060	Proceeds from property sale	15,570	-0-	-0-	-0-	-0-	15,570	-0-	-0-	-0-	-0-	-0-	15,570
10100	Total other financing sources (uses) /	600,392	-0-	-0-	-0-	-0-	13,930	-0-	-0-	-0-	-0-	-0-	13,930
10009	Excess (deficiency) of total revenue over under total expense	\$ (493,506)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (92,956)	\$ (219,148)	\$ -0-	\$ -0-	\$ (110,276)	\$ (329,424)	\$ (422,380)
11030	Beginning equity/net position	\$8,911,673	\$1,137,040	\$6,016,739	\$407,250	\$407,250	\$21,447,388	\$ (445,672)	\$ (10,232)	\$ 293,961	\$96,799	\$ (65,144)	\$21,382,244
11040	Prior period adjustments, equity transfers and correction of errors	(186,511)	-0-	2,320,489	-0-	-0-	(53,650)	1	-0-	(239,523)	-0-	(239,522)	(293,172)
	Beginning equity/net position, as adjusted	\$8,725,162	\$1,137,040	\$8,337,228	\$407,250	\$407,250	\$21,393,738	\$ (445,671)	\$ (10,232)	\$ 54,438	\$96,799	\$ (304,666)	\$21,089,072

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Line Item No.	Account Description	Asset Management Projects	Capital Fund Program	Capital Fund Stimulus Grant	Capital Fund Competitive Stimulus Grant	Business Activity	Total Projects	Housing Choice Voucher Program	Disaster Housing Assistance Program	Disaster Voucher Program	Veterans Affairs Supportive Housing	Total Programs	Total (Memorandum Only)
11170	Administrative fee equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11180	Housing assistance payment equity	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11190	Unit months available	7,080	-0-	-0-	-0-	-0-	7,080	12,948	-0-	-0-	-0-	12,948	19,932
11210	Number of unit months leased	4,750	-0-	-0-	-0-	-0-	4,750	8,616	-0-	-0-	-0-	8,616	12,567
11270	Excess cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	N/A	N/A	N/A	N/A	N/A	N/A
11620	Building purchases	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment - dwelling	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
11640	Furniture and equipment - administrative	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
70300	Net tenant rental revenue	\$ 624,559	\$ -0-	\$ 624,559
70400	Tenant revenue - other	<u>38,557</u>	<u>-0-</u>	<u>38,557</u>
70500	Total tenant revenue	<u>663,116</u>	<u>-0-</u>	<u>663,116</u>
70600	HUD PHA operating grants	<u>5,805,532</u>	<u>-0-</u>	<u>5,805,532</u>
70610	Capital grants	<u>290,193</u>	<u>-0-</u>	<u>290,193</u>
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-
70610	Capital grants	-0-	-0-	-0-
70710	Management fees	264,538	(264,538)	-0-
70720	Assets management fees	76,000	-0-	76,000
70750	Other fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
70700	Total fee revenue	<u>340,538</u>	<u>(264,538)</u>	<u>76,000</u>
71100	Investment income-unrestricted	<u>1,392</u>	<u>-0-</u>	<u>1,392</u>
71400	Fraud recovery	10,783	-0-	10,783
71500	Other revenue	<u>84,675</u>	<u>-0-</u>	<u>84,675</u>
70000	Total revenue	<u>7,196,229</u>	<u>(264,538)</u>	<u>6,931,691</u>

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

		<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
<u>Line Item No.</u>	<u>Account Description</u>			
91100	Administrative salaries	\$ 839,010	\$ -0-	\$ 839,010
91200	Auditing fees	30,708	-0-	30,708
91300	Management fees	295,736	(222,078)	73,658
91310	Book-keeping fees	149,957	(42,460)	107,497
81400	Advertising ad marketing	16,350	-0-	16,350
91500	Employee benefit contributions-			
	administrative	161,725	-0-	161,725
91600	Office expense	142,541	-0-	142,541
91700	Legal	21,301	-0-	21,301
91800	Travel	40,416	-0-	40,416
91900	Other	<u>184,191</u>	<u>-0-</u>	<u>184,191</u>
91000	Total operating-			
	administrative	<u>1,881,935</u>	<u>(264,538)</u>	<u>1,617,397</u>
92000	Asset management fee	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
92400	Tenant services other	<u>-0-</u>	<u>-0-</u>	<u>843</u>
92500	Total tenant services	<u>-0-</u>	<u>-0-</u>	<u>843</u>
93100	Water	118,456	-0-	118,456
93200	Electric	54,283	-0-	54,283
93300	Gas	<u>3,502</u>	<u>-0-</u>	<u>3,502</u>
	Total utilities	<u>176,241</u>	<u>-0-</u>	<u>176,241</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
94100	Operating maintenance and operations-labor/sales	\$ 382,567	\$ -0-	\$ 382,567
94200	Ordinary maintenance and operations-materials and other	327,528	-0-	327,528
94300-120	Ordinary maintenance and operations miscellaneous contracts	108,584	-0-	108,584
94500	Ordinary maintenance and operations employee benefits	<u>60,373</u>	<u>-0-</u>	<u>60,373</u>
94000	Total maintenance and operations	<u>879,052</u>	<u>-0-</u>	<u>879,052</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
95100	Protective services-labor	\$ 19,065	\$ -0-	\$ 19,065
95300	Protective services-other	<u>5,098</u>	<u>-0-</u>	<u>5,098</u>
95000	Total protective service	<u>24,163</u>	<u>-0-</u>	<u>24,163</u>
96110	Property insurance	172,450	-0-	172,450
96120	Liability insurance	83,884	-0-	83,884
96130	Worker's compensation	57,800	-0-	57,800
96140	All other insurance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
96100	Total insurance premiums	<u>314,134</u>	<u>-0-</u>	<u>314,134</u>
96200	Other general expense	-0-	-0-	-0-
96300	Payment in lieu of taxes	51,628	-0-	51,628
96400	Bad debt-tenant rents	<u>25,079</u>	<u>-0-</u>	<u>25,079</u>
96000	Total other general expenses	<u>76,707</u>	<u>-0-</u>	<u>76,707</u>
96900	Total operating expenses	<u>3,352,232</u>	<u>(264,538)</u>	<u>3,087,694</u>
97000	Excess (deficiency) of revenue over operating expenses	<u>3,843,997</u>	<u>-0-</u>	<u>3,843,997</u>
97100	Extraordinary maintenance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Line Item No.</u>	<u>Account Description</u>	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
97100	Extraordinary maintenance	\$ 3,857	\$ -0-	\$ 3,857
97200	Casualty loss	(13,297)	-0-	(13,297)
97300	Housing assistance payments	\$ 3,527,173	\$ -0-	\$ 3,527,173
97400	Depreciation expenses	762,574	-0-	762,574
90000	Total expenses	7,632,539	(264,538)	7,368,001
10010	Operating transfer in	584,822	-0-	584,822
10020	Operating transfer out	(586,462)	-0-	(586,462)
10060	Proceeds from property sales	15,570	-0-	15,570
	Total others financing sources (uses)	13,930	-0-	13,930
97000	Excess (deficiency) of revenue over operating expenses	\$ 422,380	\$ -0-	\$ 422,380
11030	Beginning equity/net position	\$21,382,244	\$ -0-	\$21,382,244
11040	Prior period adjustments, equity transfers and correction of errors	(293,172)	-0-	(293,172)
	Beginning equity/net position, as adjusted	\$21,089,072	\$ -0-	\$21,089,072

See Independent Auditor's Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the enterprise fund of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise **HACA's** basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **HACA's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-02 and 2013-07 to be a significant deficiencies in internal control over financial reporting.

A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of HACA's financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-01, and 2013-03 through 2013-06 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **HACA's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

HACA's Response to Findings

HACA's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". **HACA's** response was not subjected to the auditing procedures applicable in the audit of the financial statements and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of HACA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We audited **Housing Authority of the City of Alexandria (HACA)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement* that could have a direct and material effect on each of HACA's major federal programs for the year ended June 30, 2013. HACA's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **HACA's** major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **HACA's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **HACA's** compliance.

Basis for Qualified Opinion

As described in the Summary Schedule of Findings and Questioned Costs section of this report, **HACA** did not comply with the requirements regarding reporting for all programs listed on the Schedule of Expenditures of Federal Awards and as described in findings reference numbers 2013-13, 2013-14, 2013-15 and 2013-16. Compliance with such requirements is necessary in our opinion, for **HACA** to comply with the requirements applicable to the Federal Award programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Qualified Opinion on Each Major Federal Program

In our opinion, except for the effects of such noncompliance as described in the Basis for Qualified Opinion, **HACA's** compliance with reporting and allowable costs, **HACA** complied, in all material respects, with the types of compliance requirements previously referred to that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-08 through 2013-12. Our opinion on each major federal program was modified with respect to the matters listed under the Basis for Qualified Opinion section of this report.

HACA's Response to Findings

HACA's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". **HACA's** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these response.

Report on Internal Control Over Compliance

Management of **HACA** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered **HACA's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Report on Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in HACA's internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-18 and 2013-19 to be significant deficiencies in internal control over compliance.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-13 through 2013-17 to be material weaknesses, as defined above.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

HACA's Response to Findings

HACA's response to the internal control over compliance finding identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". HACA's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2013

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850	Low Rent Public Housing Program

Dollar threshold used to distinguish
between type A and type B programs: **\$300,000**

Auditee qualified as low-risk auditee? **No**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2013-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Based on our review of **HACA's** monthly financial reporting process for the months of October 2012 (month judgementally selected for testing), and June 30, 2013, we noted the following conditions:

- o Lack of adequate trail to facilitate the effective and efficient review of recorded transactions for various programs managed by **HACA**.
- o Lack of supporting documents for adjustments prepared as part of the monthly and/or year end closing process.
- o Failure to perform complete periodic reconciliations and analysis of all significant general ledger accounts.
- o Untimely identification and resolution of system software issues resulting in variances between subsidiary and general ledger control accounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-01

Condition, Continued

- o Also, noted unreconciled differences in the beginning (July 1, 2012) and ending (June 30, 2012) net position amounts for all programs.

Further, the general ledger net position balances for the Voucher Program did not reflect restricted and unrestricted net position by classification. It is our understanding that HACA continues to seek HUD's technical assistance in this area.

- o Several general ledger account balances reflected balances contrary to their normal account balances resulting in needed adjustments and/or reclassifications in connection with the audit of the June 30, 2013 financial statements.
- o Selected unaudited Financial Data Schedule (FDS) submission amounts as of and for the year ended June 30, 2013 did not agree to general ledger/trial balance provided to independent auditors.
- o Based on our limited testing, we noted a lack of consistency in the classification of certain reported costs

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-01

Context

Total amount of federal awards expended for the year ended June 30, 2013 were \$6,171,725.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA's continued transitional challenges in the resolution of its financial reporting processes.

Recommendation

HACA should continue its risk assessment of its operation aimed at the design, documentation and determination of the level of resources needed to ensure complete implementation of its formalized internal controls procedures and processes.

Management's Response and Planned Corrective Action

Software conversion efforts are underway and will be completed before June 30, 2014. A new accounting database will facilitate comprehensive financial reporting capacity and will resolve subsidiary control AMP level reporting issues, and the ability to adequately and efficiently monitor reconciled balances. HACA will ensure that there is a revised/updated monthly checklist that includes bank reconciliations, journal entries, account reconciliations, account analysis, etc. Also, these reconciliations will parallel all data in the general ledger on a monthly basis.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA** and the preparation of its financial statements.

Condition

For the fiscal year ended June 30, 2013, we noted no evidence that monthly financial statements were generated from **HACA's** current software system and presented to the Board of Commissioners for review and discussion. However, we were provided with an excel spreadsheet financial statements prepared and provided to the Board starting in February 2013.

It is our understanding that management has initiated a software conversion process to facilitate the preparation of financial statements on a monthly basis from its current software.

Questioned Costs

None.

Context

Total federal awards expended were \$6,171,725 for the year ended June 30, 2013.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-02

Effect or Potential Effect

Control deficiencies in HACA's internal control system may impact the Board of Commissioners ability to review meaningful information on a timely basis and or statistics useful in making decisions.

Cause

It is our understanding that the TENMAST accounting system as currently mapped, does not allow for the generation of financial statements.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be directly generated from the existing software and presented to the Board of Commissioners for decision making.

Also, the monthly reporting should include budgeted to actual results with discussion on all significant variances.

Management's Response and Planned Corrective Action

Monthly financial statements have been prepared, presented and reviewed for/by the Board since February 2013. In addition, software conversion efforts are underway and will be completed before June 30, 2014. A new accounting data base will facilitate comprehensive financial reporting capacity.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-03

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2013 revealed the following conditions:

- o Management of **HACA** continues to work on the preparation of a complete detail of the description, date of acquisition and/or disposition where applicable, and associated historical cost for its capital assets as of June 30, 2013. In addition, **HACA** does not have a detail depreciation schedule to facilitate our testing for completeness in recorded amounts.
- o No maintenance of complete capital assets subsidiary ledgers for all capital assets. Further, a detail schedule maintained for capital assets provided to us did not agree to the general ledger control account balance. Further, we were unable to conclude on the completeness of the balance as the supporting schedules carried forward from the previous year were incomplete.

Further, the referenced condition impacted our ability to certify all completed capital projects.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-03

Questioned Costs

None.

Context

Total federal award for the Low Rent Public Housing Program was \$1,585,309 or (26)% of the total federal awards for the year ended June 30, 2013.

Effect or Potential Effect

Potential misstatement in recorded information to include accountability for all capital assets.

Cause

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-03

Recommendation

Management should continue its initiative and perform a complete reconstruction of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded.

The reconstruction should include the completeness of an analysis in the recorded accumulated depreciation balance at June 30, 2013.

Management's Response and Planned Corrective Action

Management is continuing its initiative to perform a complete asset analysis and reconstruction and make any necessary adjustments to the accounting records to accurately reflect the conclusions of the reconstruction. To date, this work is complete with regard to movable assets. Plans to reconstruct the historical costs of real property are underway and will be completed by June 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-04

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of Capital Fund Program grants receivable transactions at June 30, 2013 revealed conditions that did not facilitate our ability to test for completeness in the reported grants receivable amount of \$2,080,369.

Grants receivable HUD per subsidiary records and FDS submission documents at June 30, 2013 did not agree to the general ledger/trial balance provided to independent auditors;

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-04

Condition, Continued

Further, the nature of the recorded amounts did not provide for an efficient and effective detail testing of invoices, recorded expenses, and associated grant revenues to the Line of Credit Control System (LOCC) vouchers.

In addition, based on a limited review of recorded Capital Fund activities, we noted the inclusion of prior year expenses in reimbursement request for the year ended June 30, 2013.

Questioned Costs

None.

Context

Total federal award for the Capital Fund Program was \$964,227 or (16)% of the total federal award for the year ended June 30, 2013.

Effect or Potential Effect

Completeness in recorded grants to include the potential for misstatements in recorded amounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-04

Cause

The challenges associated with nature of the current process in accounting for Capital Fund transactions.

Recommendation

Management should revisit with the current process to provide an adequate audit trail. Such a process should include a reconciliation of all costs charged to the specific drawdown through the LOCC System to include the specific general ledger accounts.

Management's Response and Planned Corrective Action

Management has developed a system of reconciling the Capital Fund accounts receivable to the general ledger (Budget Line Item) accounts which is in balance and operational as of fiscal year 2013. In addition, AMP level accounts have been added to the chart of accounts which are required to bring this Capital Fund reporting to the general ledger. Historically, this record keeping had been maintained outside the general ledger system. However, current Capital Fund activity is now being recorded to these new general ledger accounts. We are now in the process of capital asset reconstruction, as described in finding 2013-02, which is the final step to complete this effort.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-05

Federal Award Program

All Programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts.

Condition

At June 30, 2013 interfund activities reported reflect a cumulative out-of-balance condition of \$2,329,477.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2013 were \$6,171,725.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-05

Effect or Potential Effect

Completeness in prepared general ledger.

Cause

Continued transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of all significant general ledger transactions.

Recommendation

We recommend that management initiate steps to resolve the out-of-balance condition. Further, as part of its monthly processes management should reconcile interfund activities to eliminate the potential for any changes in the interfund condition. The referenced initiative should include the development of a monitoring system to facilitate the timely and complete preparation and review of reconciliations to include the timely resolution of resulting differences, if any.

Management's Response and Planned Corrective Action

Management is currently implementing a plan which requires re-deployment of the accounting software where the data base will be reconfigured to allow for proper fund accounting, especially as it relates to inter-fund activity. This plan now includes a monthly process whereby the imbalance is monitored to ensure timely and complete resolution of fund balances. This will allow management to address the historical inter-fund out-of-balance condition and ensure future integrity in all inter-fund activity. This plan will be fully implemented by June 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-06

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete reports for both internal and external users.

Condition

The "VMS" report of restricted net position at October 31, 2012 (month judgementally selected for testing) and June 30, 2013 did not agree to the amount reported on the general ledger for October 31, 2012 and June 30, 2013, respectively.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2013 for the Housing Choice Voucher Program was \$3,622,189.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-06

Effect or Potential Effect

Completeness of reports submitted to regulatory bodies.

Cause

Lack of an established procedure to ensure the complete review of all reports prior to submission.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies.

Management's Response and Planned Corrective Action

HACA's historical Net Restricted Assets (NRA) out-of-balance condition prompted a review by HUD's Quality Assurance Division in 2013 to establish an accurate NRA balance. On January 7, 2014, HACA received the results of the review. HACA will follow the corrective actions suggested to adjust both VMS and general ledger NRA balances to ensure they agree by June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-07

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy. Further, Annual Contribution Contracts require the proper accounting for program activity.

Condition

The current accounting records do not reflect the restricted net position for administrative fee and Housing Assistance Payments.

As such, **HACA** is unable to accurately roll-forward equity balances.

Further, the referenced condition may impact the correctness of funding from HUD.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-07

Context

Total federal award for the Housing Choice Voucher Program was \$3,622,189 or (58)% of the total federal awards for the year ended June 30, 2013.

Effect or Potential Effect

Potential misstatement in recorded information to include its impact on the correctness of funding from HUD.

Cause

Lack of an established procedure in place to ensure the accounting for all equity transactions.

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net position.

Management's Response and Planned Corrective Action

Management will perform a complete analysis of Housing Choice Voucher's (HCV) net position and develop a system where the VMS subsidiary data is reconciled to the general ledger accounts on a monthly basis. The report from the HUD Quality Assurance Division regarding the equity balances, received in January 2014, will enable management to reconcile equity balances with HUD. This system will ensure these remain reconciled going forward. We will have this finalized prior to the end of June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs

Reference Number

2013-08

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR requires the implementation of community services program for tenants eligible to participate in such a program.

Condition

In two (2) instances of twelve (12) files tested, we noted the lack of adequate documented evidence of community services performed by eligible tenants.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended June 30, 2013 for the Low Rent Public Housing Program was \$1,585,309 or (26)% of total federal awards.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-08

Cause

Lack of an effective monitoring system in place to ensure compliance with the community services requirement by eligible tenants.

Recommendation

Management should review existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation.

Management's Response and Planned Corrective Action

Management has implemented a second level review as a quality control to ensure that community service is adequately documented at admission to the programs.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-09

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

HACA is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

Our review of fifteen (15) tenant files revealed in four (4) instances, where the Form HUD 50058 were not submitted in a timely manner.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program were \$3,622,189 of 58% of the total federal awards for the year ended June 30, 2013.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-09

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Lack of a monitoring system and established guidelines for submission of reports.

Recommendation

We recommend that management provide staff with the necessary training and guideline to ensure the timely submission of all required external reports.

Management's Response and Planned Corrective Action

Management has established a standard operating procedure which requires electronic submissions of HUD Form 50058 no later than 30 days following admission and/or completion of annuals and interim examinations for immediate implementation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-10

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

HACA is required to maintain complete and accurate accounts. In addition, the Annual Contribution Contract requires **HACA's** to properly account for program activity. Proper accounting requires that (1) account balances are properly maintained, (2) records and accounting transactions support a proper roll-forward of equity and (3) errors are corrected as detected.

Condition

At June 30, 2013, **HACA** has not reported correctly, its restricted and unrestricted net position for its Voucher Program.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-10

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,622,189 or 58% of the total federal awards for the year ended June 30, 2013.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Challenges encountered in concluding on the corrected balances.

Recommendation

We recommend that management continue to work with HUD to resolve the completeness in reported net position.

Management's Response and Planned Corrective Action

Management will perform a complete analysis of HCV net position and develop a system where the VMS subsidiary data is reconciled to the general ledger accounts on a monthly basis. The report from the HUD Quality Assurance Division regarding the equity balances, received in January 2014, will enable management to reconcile equity balances with HUD. This system will ensure these remain reconciled going forward. We will have this finalized prior to the end of June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-11

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

In twelve (12) of twelve tenant files reviewed, we noted no written documentation on file to support verification of prior lease violation.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$1,585,309 or 26% of the total federal awards for the year ended June 30, 2013.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-11

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

Management has implemented a process of documenting prior lease violations on all applicants.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-12

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of OMB Circular A-87:

- (1) "Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payroll documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the government unit.
- (2) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III- Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-12

Criteria, Continued

- (3) Where employees work on multiple activities cost objectives, a distribution of their salaries or wages will be supported by personnel activity or equivalent documentation which meets the standards listed under item 4 below. Such documentary support will be required where employees work on:
 - a) More than one (1) federal award;
 - b) A federal award and a non-Federal activity;
 - c) An indirect cost activity and a direct cost activity;
 - d) Two or more indirect activities which are allocated using different allocations basis, or
 - e) An unallowable activity and a direct or indirect cost activity.

- (4) Personnel activity reports or equivalent documentation must meet the following standards:
 - a) They must reflect after the fact distribution of the actual activity of each employee;
 - b) They must account for the total activity for which each employee is compensated;
 - c) They must be prepared at least monthly and must coincide with one or more pay periods; and
 - d) They must be signed by the employee.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-12

Condition

HACA's current payroll practice requires the submission of electronic timesheets by all employees. However, we noted no documented certification in accordance with the requirements of OMB Circular A-87.

Questioned Cost

None.

Context

Total federal awards expended for the year ended June 30, 2013 were \$6,171,725.

Effect or Potential Effect

Potential noncompliance with the requirements of OMB Circular A-87.

Cause

Lack of an established procedure to ensure compliance with the requirements of OMB Circular A-87.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III- Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-12

Recommendation

Management should revisit with its current practice to facilitate compliance with the requirements regarding payroll certification. Further, the timesheets submitted and approved should provide adequate documentation of program charged.

Management's Response and Corrective Action

HACA has established a standard operating procedure to certify semi-annually payroll allocations among various federal programs according to OMB A-87.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III- Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-13

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

Based on our review of **HACA's** monthly financial reporting process for the months of October 2012 (month judgementally selected for testing), and June 30, 2013, we noted the following conditions:

- o Lack of adequate trail to facilitate the effective and efficient review of recorded transactions for various programs managed by **HACA**.
- o Lack of supporting documents for adjustments prepared as part of the monthly and/or year end closing process.
- o Failure to perform complete periodic reconciliations and analysis of all significant general ledger accounts.
- o Untimely identification and resolution of system software issues resulting in variances between subsidiary and general ledger control accounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-13

Condition, Continued

- o Also, noted unreconciled differences in the beginning (July 1, 2012) and ending (June 30, 2012) net position amounts for all programs.

Further, the general ledger net position balances for the Voucher Program did not reflect restricted and unrestricted net position by classification. It is our understanding that **HACA** continues to seek HUD's technical assistance in this area.

- o Several general ledger account balances reflected balances contrary to their normal account balances resulting in needed adjustments and/or reclassifications in connection with the audit of the June 30, 2013 financial statements.
- o Selected unaudited Financial Data Schedule (FDS) submission amounts as of and for the year ended June 30, 2013 did not agree to general ledger/trial balance provided to independent auditors.
- o Based on our limited testing, we noted a lack of consistency in the classification of certain reported costs

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-13

Context

Total amount of federal awards expended for the year ended June 30, 2013 were \$6,171,725.

Effect or Potential Effect

Potential for misappropriation of assets.

Cause

HACA's continued transitional challenges in the resolution of its financial reporting processes.

Recommendation

HACA should continue its risk assessment of its operation aimed at the design, documentation and determination of the level of resources needed to ensure complete implementation of its formalized internal controls procedures and processes.

Management's Response and Planned Corrective Action

Software conversion efforts are underway and will be completed before June 30, 2014. A new accounting database will facilitate comprehensive financial reporting capacity and will resolve subsidiary control AMP level reporting issues, and the ability to adequately and efficiently monitor reconciled balances. HACA will ensure that there is a revised/updated monthly checklist that includes bank reconciliations, journal entries, account reconciliations, account analysis, etc. Also, these reconciliations will parallel all data in the general ledger on a monthly basis.

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-14

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our testing of capital assets at June 30, 2013 revealed the following conditions:

- o Management of **HACA** continues to work on the preparation of a complete detail of the description, date of acquisition and/or disposition where applicable, and associated historical cost for its capital assets as of June 30, 2013. In addition, **HACA** does not have a detail depreciation schedule to facilitate our testing for completeness in recorded amounts.
- o No maintenance of complete capital assets subsidiary ledgers for all capital assets. Further, a detail schedule maintained for capital assets provided to us did not agree to the general ledger control account balance. Further, we were unable to conclude on the completeness of the balance as the supporting schedules carried forward from the previous year were incomplete.

Further, the referenced condition impacts our ability to certify all completed capital projects.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-14

Questioned Costs

None.

Context

Total federal award for the Low Rent Public Housing Program was \$1,585,309 or (26)% of the total federal award for the year ended June 30, 2013.

Effect or Potential Effect

Potential misstatement in recorded information to include accountability for all capital assets.

Cause

Lack of an established procedure in place to ensure the accounting for all capital asset activities to include dates of acquisition/disposition, computation of depreciation and rollover by year.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-14

Recommendation

Management should continue its initiative and perform a complete reconstruction of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded.

The reconstruction should include the completeness of an analysis in the recorded accumulated depreciation balance at June 30, 2013.

Management's Response and Planned Corrective Action

Management is continuing its initiative to perform a complete asset analysis and reconstruction and make any necessary adjustments to the accounting records to accurately reflect the conclusions of the reconstruction. To date, this work is complete with regard to movable assets. Plans to reconstruct the historical costs of real property are underway and will be completed by June 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-15

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HACA is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of Capital Fund Program grants receivable transactions at June 30, 2013 revealed conditions that did not facilitate our ability to test for completeness in the reported grants receivable amount of \$2,080,369.

Grants receivable HUD per subsidiary records and FDS submission documents at June 30, 2013 did not agree to the general ledger/trial balance provided to independent auditors;

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-15

Condition, Continued

Further, the nature of the recorded amounts did not provide for an efficient and effective detail testing of invoices, recorded expenses, associated grant revenues to the Line of Credit Control System vouchers.

In addition, based on a limited review of recorded capital fund activities, we noted the inclusion of prior year expenses in reimbursement request for the year ended June 30, 2013.

Questioned Costs

None.

Context

Total federal award for the Capital Fund Program was \$964,227 or (16)% of the total federal award for the year ended June 30, 2013.

Effect or Potential Effect

Completeness in recorded grants to include the potential for misstatements in recorded amounts.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-15

Cause

The challenges associated with the nature of the current process in accounting for Capital Fund transactions.

Recommendation

Management should revisit with the current process to provide an adequate audit trail. Such a process should include a reconciliation of all costs charged to the specific drawdown through the LOCC System to include the specific general ledger accounts.

Management's Response and Planned Corrective Action

Management has developed a system of reconciling the Capital Fund accounts receivable to the general ledger (Budget Line Item) accounts which is in balance and operational as of fiscal year 2013. In addition, AMP level accounts have been added to the chart of accounts which are required to bring this Capital Fund reporting to the general ledger. Historically, this record keeping had been maintained outside the general ledger system. However, current Capital Fund activity is now being recorded to these new general ledger accounts. We are now in the process of capital asset reconstruction, as described in finding 2013-02, which is the final step to complete this effort.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-16

Federal Award Program

All Programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts.

Condition

At June 30, 2013 interfund activities reported reflect a cumulative out-of-balance condition of \$2,329,477.

Questioned Costs

None.

Context

Total federal awards expended for the year ended June 30, 2013 were \$6,171,725.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-16

Effect or Potential Effect

Completeness in prepared general ledger.

Cause

Continued transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of all significant general ledger transactions.

Recommendation

We recommend that management initiate steps to resolve the out-of-balance condition. Further, as part of its monthly processes management should reconcile interfund activities to eliminate the potential for any changes in the interfund condition. The referenced initiative should include the development of a monitoring system to facilitate the timely and complete preparation and review of reconciliations to include the timely resolution of resulting differences, if any.

Management's Response and Planned Corrective Action

Management is currently implementing a plan which requires re-deployment of the accounting software where the data base will be reconfigured to allow for proper fund accounting, especially as it relates to inter-fund activity. This plan now includes a monthly process whereby the imbalance is monitored to ensure timely and complete resolution of fund balances. This will allow management to address the historical inter-fund out-of-balance condition and ensure future integrity in all inter-fund activity. This plan will be fully implemented by June 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-17

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete reports for both internal and external users.

Condition

The "VMS" report of restricted net position at October 31, 2012 (month judgementally selected for testing) and June 30, 2013 did not agree to the amount reported on the general ledger for October 31, 2012 and June 30, 2013, respectively.

Questioned Costs

None.

Context

Total federal award expended for the year ended June 30, 2013 for the Housing Choice Voucher Program was \$3,622,189.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-17

Effect or Potential Effect

Completeness of reports submitted to regulatory bodies.

Cause

Lack of an established procedure to ensure the complete review of all reports prior to submission.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies.

Management's Response and Planned Corrective Action

HACA's historical Net Restricted Assets (NRA) out-of-balance condition prompted a review by HUD's Quality Assurance Division in 2013 to establish an accurate NRA balance. On January 7, 2014, HACA received the results of the review. HACA will follow the corrective actions suggested to adjust both VMS and general ledger NRA balances to ensure they agree by June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-18

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the documentation of the components of internal controls to include the implementation of a design and operation of internal controls to safeguard the assets of **HACA** and the preparation of its financial statements.

Condition

For the fiscal year ended June 30, 2013, we noted no evidence that monthly financial statements were generated from **HACA's** current software system and presented to the Board of Commissioners for review and discussion. However, we were provided with an excel spreadsheet financial statements prepared and provided to the Board starting in February 2013.

It is our understanding that management has initiated a software conversion process to facilitate the preparation of financial statements on a monthly basis from its current software.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-18

Context

Total federal awards expended were \$6,171,725 for the year ended June 30, 2013.

Effect or Potential Effect

Control deficiencies in HACA's internal control system may impact the Board of Commissioners ability to review meaningful information on a timely basis and or statistics useful in making decisions.

Cause

It is our understanding that the TENMAST accounting system as currently mapped, does not allow for the generation of financial statements.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be directly generated from the existing software and presented to the Board of Commissioners for decision making.

Also, the monthly reporting should include budgeted to actual results with discussion on all significant variances.

Management's Response and Planned Corrective Action

Monthly financial statements have been prepared, presented and reviewed for/by the Board since February 2013. In addition, software conversion efforts are underway and will be completed before June 30, 2014. A new accounting data base will facilitate comprehensive financial reporting capacity.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-19

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **HACA** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy. Further, Annual Contribution Contracts require the proper accounting for program activity.

Condition

The current accounting records do not reflect the restricted net position for administrative fee and Housing Assistance Payments.

As such, **HACA** is unable to accurately roll-forward equity balances.

Further, the referenced condition may impact the correctness of funding from HUD.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013 .

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-19

Context

Total federal award for the Housing Choice Voucher Program was \$3,622,189 or (58)% of the total federal awards for the year ended June 30, 2013.

Effect or Potential Effect

Potential misstatement in recorded information to include its impact on the correctness of funding from HUD.

Cause

Lack of an established procedure in place to ensure the accounting for all equity transactions.

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net position.

Management's Response and Planned Corrective Action

Management will perform a complete analysis of Housing Choice Voucher's (HCV) net position and develop a system where the VMS subsidiary data is reconciled to the general ledger accounts on a monthly basis. The report from the HUD Quality Assurance Division regarding the equity balances, received in January 2014, will enable management to reconcile equity balances with HUD. This system will ensure these remain reconciled going forward. We will have this finalized prior to the end of June 30, 2014.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2012-01 and 2012-19

Condition

Management of **HACA** developed and the Board approved policies in June 2012 aimed at addressing its internal control design and operation. However, for the period under audit, we noted the following significant conditions in the design and operation of **HACA's** internal control (This is a repeat of prior year findings reference numbers 2011-01 and 2011-31):

- o Inadequate design of controls over significant general ledger accounts.
- o Inadequate documentation of the significant components of internal control.
- o Inadequate segregation of duties within significant processes.
- o Employees lack adequate training to fulfill their assigned functions.
- o Failure to perform periodic reconciliation and analysis of significant accounts.
- o Failure to provide a formal and complete accounting policies and procedures.

Recommendation

Management should implement all accounting policies and procedures.

Further, **HACA** should continue its risk assessment of its operation aimed at the design, documentation and determination of the level of resources needed to include the appropriate training to ensure the complete implementation of an effective and efficient design and operation of its internal controls.

Current Status

Resolved except for bullet items two (2) and five (5). See current year's reference numbers 2013-01 and 2013-13.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-02, and 2012-20

Condition

For the year ended June 30, 2012, no monthly financial statements and budget to actual reports were prepared and submitted to the Board for review. Further, our review of the detail general ledger generated by HACA's fee accountant for the year ended June 30, 2012, revealed the following significant conditions (This is a repeat of a similar condition cited in prior year findings reference numbers 2011-02 and 2011-32):

- o Selected general ledger entries tested lacked support of sufficient competent documentation to facilitate an effective testing for completeness.

Management was unable to provide us with adequate and complete detail supporting documentation for the following selected general ledger accounts: HUD grants receivable of \$2,876,897, capital assets specifically categorized as construction in progress of \$12,348,952, and deferred revenue of \$22,112.

- o General ledger account balances such as vendor transactions at June 30, 2012, were lumped into one general ledger account without adequate account detail to facilitate our testing.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2012-02 and 2012-20

Condition, Continued

- o Also noted unreconciled differences in the beginning (July 1, 2011) and ending (June 30, 2012) net asset amounts. Further, the general ledger did not reflect restricted and unrestricted net assets by classification for the Housing Choice Programs. On February 8, 2013, our request for an analysis of net assets remains outstanding.
- o The general ledger at June 30, 2012, did not reflect a restricted cash balance for security deposits held for tenants prior to the effect of an audit adjustment.
- o Noted unreconciled differences between the accrued leave balances (current and noncurrent) as reported on the general ledger to the detail supporting schedule provided to us.
- o Noted that depreciation expense previously recorded for assets placed in service prior to June 30, 2012 was reversed in the current year by the fee accountant. Further, the fee accountant reversed the amount recorded in construction in process at June 30, 2011.
- o Interest and other income accounts in the June 30, 2012 general ledger reflected balances contrary to their normal account balances.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2012-02 and 2012-20

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Unresolved except for bullets five (5) and six (6). See current year's finding reference numbers 2013-01, 2013-13, 2013-02 and 2013-18.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-03 and 2012-21

Condition

The results of our testing of cash disbursement transactions for the month of December 2011 (month judgementally selected for testing), revealed the following conditions (This is a repeat of a similar condition cited in prior year finding reference numbers 2010-01, 2011-03, 2011-30 and 2011-33):

- o Eleven (11) of the twenty-four (24) transactions tested were not canceled to avoid the potential for duplicate use.
- o We were unable in six (6) of twenty-four (24) cash disbursement transactions tested to observe any evidence of mathematical accuracy performed (of the detail composition of the invoice) prior to payment on the referenced invoice.
- o No written documentation noted in four (4) of twenty-four (24) cash disbursement transactions, as to the type and basis for procurement of goods and services.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2012-03 and 2012-21

Recommendation

Management should initiate, develop and implement procedures and processes with approval from the Board of Commissioners, which attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should then continue its review of the accounting processing system to ascertain its completeness.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-04 and 2012-23

Condition

Our testing of five (5) employee files for payroll transactions executed during the month of December 2011 (month judgementally selected for testing), revealed the following conditions (This is a repeat of a similar condition cited in a prior year finding reference number 2011-04):

- o Lack of a written payroll procedure to include an updated personnel Handbook through May 2012.
- o Unapproved leave request forms and incomplete clock in/out procedures for five (5) of five (5) employees tested.
- o Leave information was not adequately tracked to ensure completeness. Based on testwork performed, we were unable to agree leave approved and used to the paychecks executed for December 2, 16 and 29, 2011.
- o Incomplete and missing certification for W-4, L-4 and Section 2 of one (1) I-9 form.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2012-04 and 2012-23

Condition, Continued

- o Payroll is paid through the payroll payment date which requires estimating the last payroll day. Additionally, payroll is processed based on an estimated eighty (80) hours without the benefit of approved time sheets and leave used through the pay date. Any applicable adjustments for hours worked and/or leave used are reported on the subsequent payroll date.
- o In all five (5) files reviewed, we noted missing authorization on file to support other deductions other than taxes.

Recommendation

Management should review and implement changes to HACA's personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all personnel cost, and to provide for the maintenance of all required documents (such as W-4, L-4, I-9, etc.) to include the necessary supervisory approvals.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-05 and 2012-24

Condition

We noted an inadequate design of internal control over significant general ledger accounts and processes to include system generated financial statements reporting. For the fiscal year ended June 30, 2012, we noted no evidence that monthly financial statements were generated and presented to the Board of Commissioners for review and discussion (This is a repeat of a similar prior year finding reference number 2011-16).

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be generated and presented to the Board of Commissioners for decision making.

Current Status

Unresolved. See current year finding reference numbers 2013-02 and 2013-18.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-06 and 2012-25

Condition

During the course of the audit, we continue to note that the financial statements as prepared by HACA required significant adjustments to fairly state account balances. (This is a repeat of a similar prior year finding reference numbers 2010-05 and 2011-25).

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate, the potential risk associated with the described condition. The review should include HACA's resource capacity and current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year finding reference numbers 2013-01 and 2013-13.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-07 and 2012-26

Condition

The "VMS" report of restricted net assets at December 31, 2011 (month judgementally selected for testing) did not agree to the amount reported on the general ledger for December 31, 2011.

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies.

Current Status

Unresolved. See current year's finding reference numbers 2013-06 and 2013-17.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-08 and 2012-27

Condition

The current accounting records do not reflect the restricted net position for administrative fee and Housing Assistance Payments.

As such, **HACA** is unable to accurately roll-forward equity balances.

Further, the referenced condition may impact the correctness of funding from HUD.

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net assets.

Current Status

Unresolved. See current year finding reference numbers 2013-07 and 2013-19.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-09

Condition

During the course of the audit and review of the general ledger, depreciation expense for the year ended June 30, 2012 was misclassified as casualty losses.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are recorded in the general ledger in a timely and accurate manner.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-10

Condition

During the course of our audit, we determined that certain cost and other amounts are allocated among the various projects and programs administered by the **HACA**. We noted however that the method of allocation has not been applied consistently between years.

Recommendation

We recommend that management implement policies and procedures to ensure that all allocable cost and other amounts are consistently allocated among the projects and programs benefitted.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-11 and 2012-28

Condition

At June 30, 2012 inter-fund account balances were out-of-balance by \$61,767 (This condition is a repeat of previously cited findings reference numbers 2012-11, 2010-02 and 2009-01).

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are recorded in the general ledger in a timely and accurate manner.

Current Status

Unresolved. See current year's finding reference numbers 2013-05 and 2013-16.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-12

Condition

- During the course of our, audit we noted that beginning net position as reflected on HACA's trial balance did not agree to the ending net position as reflected in the June 30, 2011 audit report. Furthermore, management was unable to provide explanations and documentation explaining these differences; and
- Also, we noted that HACA's general ledger does not reflect any amounts included in cash and net position that are restricted for future housing assistance payments.

Recommendation

We recommend that management implement policies and procedures to ensure that all transactions are properly recorded in the general ledger.

Current Status

Unresolved. See current year's finding reference numbers 2013-01 and 2013-13.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-13

Condition

We noted that **HACA** employs the services of an external accountant to prepare its monthly trial balances, general ledger and resulting financial statements. However, management has not fully demonstrated the capacity and technical ability to assume responsibility for the fair presentation of its financial statements.

Recommendation

We recommend that management implement policies and procedures and to develop the skill set necessary to allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, and correct misstatements on a timely basis.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-14

Condition

The audited financial statements as of and for the year ended June 30, 2012 was not published by December 31, 2012 (statutory due date). (This condition is a repeat of a prior year condition finding reference number 2011-15).

Recommendation

As **HACA** continues to restructure its financial sections, greater emphasis should be placed on the financial operating cycle to ensure complete and accurate financial information reporting.

An enhanced coordination between the new fee accountant and the accounting department staff should ensure the timely analysis of significant accounts and the periodic preparation of financial statements for management's review, etc.

Furthermore, an enhanced level of oversight is necessary to ensure timely and accurate financial information.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-15 and 2012-20

Condition

Our testing of capital assets at June 30, 2012 revealed the following conditions (This is a repeat of similar prior year condition finding reference numbers 2011-06, 2011-14 and 2011-35):

- o At June 30, 2012, the books and records of **HACA** reflected construction-in-progress of \$12,348,952 prior to the effect of an audit adjustment. The amount represents an increase of \$10,262,404 over the balance of \$2,086,548 reported in the prior year. Our discussions with management indicated that the increase was primarily attributable to capital assets that had been previously placed in service that were reclassified as construction-in-progress. This treatment is contrary to generally accepted accounting principles.
- o During the course of the audit, we also noted that various line items included in the **HACA's** capital asset ledger (book asset detail) were identified only as "2011 Audit Adjustment" and did not have a specific property description.
- o Further, management was unable to provide adequate supporting documentation for capital assets reflected on its general ledger at June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2012-15 and 2012-20

Recommendation

Management should review the composition of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded to ensure the completeness by category in recorded amounts.

Current Status

Unresolved. See current year finding reference numbers 2013-03 and 2013-14.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-16

Condition

In two (2) instance of eighteen (18) files tested, we were unable to verify on file executed Form HUD 9886.

Recommendation

Management should ensure the completeness of information used and reports submitted in the determination of each tenant's eligibility to participate in the housing program.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-17, 2011-19 and 2011-25

Condition

In one (1) instance of eighteen (18) files tested, we were unable to verify the social security information or a certification that the person has no social security number.

Recommendation

Management should ensure that all tenant files include all necessary documentation to support the basis for occupancy.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-18

Condition

The current Admission and Continuing Occupancy Plan (ACOP) for HACA is outdated as it pertains to certain HUD regulations and practices.

Recommendation

Management should review and update the current ACOP.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2012-22

Condition

In all eighteen (18) tenant files tested, we noted no written evidence on file to support verification of any prior lease violations.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2013-11.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2012-29 and 2011-17

Condition

We were unable to verify submission of Form HUD 60002 by HACA's personnel.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the date(s) of completeness in the submission process.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-21

Condition

Our test of ten (10) tenant files for the Low Rent Public Housing Program, revealed in two (2) instances, differences between the first month's prorated rent per the executed lease agreement and the prorated rent based on our re-calculation.

Recommendation

Management should provide oversight in the work effort of staff to ensure completeness in all financial transaction through periodic sampling.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Section V - Status of Compliance Audit

Reference Number

LA 2011-01

It is our understanding that all recommendations in connection with the audit performed by the Legislative Auditor have been resolved by management.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

EXIT CONFERENCE

The financial statements and related reports were discussed at an exit conference held with management of **Housing Authority of the City of Alexandria** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA ALEXANDRIA, LOUISIANA

Mr. Bobby Collins	--	Executive Director
Ms. Taura Denmon	--	Accountant
Ms. Kimberly Wallace	--	Accountant
Mr. Stephen Fontenot	--	Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Mr. Armand E. Pinkney	--	Manager



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)**, as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered **HACA's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. This letter does not affect our report dated December 31, 2013 on **HACA's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2013

The following is a listing of current year's other matters related to internal control:

Reference Number

OM 2013-01

Condition

No formalized guidelines to support project fees charged to its central office pursuant to the requirements of 24 CFR section 990.280(b)(5)(ii).

Recommendation

Management should develop a formalized policy to support its determination of fees charged to its central office.

Management's Response and Planned Corrective Action

HACA has established formal guidelines for fees charged by the central office

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2013, CONTINUED

Reference Number

OM 2013-02

Condition

HACA was unable to provide documentation to support \$125,000 in non-construction contracts documented as awarded on its Section 3 Summary report filed with HUD.

Recommendation

Management should ensure that all reports filed are complete with the associated supporting documents.

Management's Response and Planned Corrective Action

HACA has implemented a second level process and standard operating procedure to ensure that all future Section 3 reporting is accurate.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2013, CONTINUED

Reference Number

OM 2013-03

Condition

No established policy or practice regarding the timely submission of HUD Form 50058 for both Low Rent and Voucher Programs.

Recommendation

Management should establish a timeline for the submission of its HUD Form 50058 to provide the necessary guideline for staff.

Management's Response and Planned Corrective Action

Management has established a standard operating procedure which requires electronic submissions of HUD Form 50058 no later than 30 days following admission and/or completion of annuals and interim examinations for immediate implementation.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2013, CONTINUED

Reference Number

OM 2013-04

Condition

HACA continues to incur operating losses on its various programs except for the Capital Fund Program.

Recommendation

Management should continue to contain cost and explore avenues for an enhancement of its operating revenues.

Management's Response and Planned Corrective Action

All programs currently are operating with surpluses. Management has reviewed all funds/programs and made necessary changes to ensure that the various programs operate with surpluses.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior

The following is a status of the prior year's other matters related to internal control:

Reference Number

OM 2012-01

Condition

HACA should develop and implement the following policies and procedures:

- Credit card use, documentation, monitoring and control.
- Maintenance of a centralized contract log.
- Document retention.

Recommendation

Management should evaluate its current practice and develop and implement policies and procedures to enhance the safeguarding of assets.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior, CONTINUED

Reference Number

OM 2012-02

Condition

Our testing of selected tenant rent collection activity during the month of December 2011 (month judgementally selected for testing), for new tenants revealed variances between the rent amount reflected on the executed lease agreement and paid by the tenant.

It is our understanding through discussion with management that the variances result from several factors to include timing of move in etc.

Recommendation

Management should evaluate the internal control over rent collection particularly for new tenants and consider an enhanced documentation in the respective files for all payments varying from the rent amount based on executed contract.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior, CONTINUED

Reference Number

OM 2012-03

Condition

Our review of selected professional services revealed in two (2) instances where legal and accounting services billed and paid to the **HACA** were without the benefit of documentation to support the basis and type of procurement used.

Recommendation

Management should ensure that the basis and type of procurement pursuant to **HACA's** policy are documented and on file to facilitate independent review.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior, CONTINUED

Reference Number

OM 2012-04

Condition

HACA continues to incur operating losses on its various programs except for the Capital Fund program.

Recommendation

Management should continue to contain cost and explore avenues for an enhancement of its operating revenue.

Current Status

Unresolved. See current year's section of this report for reference number OM 2013-04.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior, CONTINUED

Reference Number

OM - 2012-05

Condition

Currently, **HACA** uses various software to accumulate accounting and program information on a regular basis. However, we noted no formalized plan to require the offsite storage of all pertinent accounting and program data (This is a repeat of a prior year condition reference number OM 2011-02).

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on **HACA**).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2012 and Prior Years, CONTINUED

Reference Numbers

ML 2009-01 and ML 2010-01

Condition

HACA's annual financial statement audit was published after the six (6) month statutory timeline.

Recommendation

None noted.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

HACA's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2013